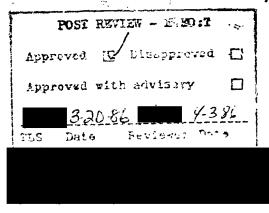
但是1997年,中央中心区域上至2000年,1990年,1990年



DEC 3 1 1985

CERTIFIED MAIL

Dear Sir or Madam:

We have considered your application for recognition of exemption from Federal income tax under Section 501(c)(4) of the Internal Revenue Code of 1954.

Your primary stated purpose is to provide for maintenance, preservation, and administrative control of the open space (common area), and to promote the health, safety and welfare of the residents within the subdivision of

Your Articles of Incorporation provide that every person who is a lot owner is a member of the Association. Your By-laws and Declaration of Covenants provide that the common areas are the properties owned by the Association for the common use and enjoyment of the owners. Every owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every lot.

You state that a sign at the states: "This playground is for the private use of Residents and Guests."You also state that your common areas are for the use and enjoyment of the Association member families, their extended families, renters and their families, and guests.

Your income is from member dues and interest. Expenditures are primarily for insurance, maintenance costs, and recreational activities.

In addition to maintenance activites, you hold picnics for your members each year, and sponsor and publicize an annual garage/yard sale for your members, to which the public is invited, (members keep the proceeds of their sales.)

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Code	Initiator	Reviewor	Peviewor	Reviewer	Reviewer	Reviewer	Heviewer
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Section 501(c)(4) of the Code provides for the recognition of exemption of civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare.

Section 1.501(c)(4)-1(a)(2)(1) of the Income Tax Regulations provides that an organization is operated exclusively for the promotion of social welfare if it is primarily engaged in promoting in some way the common good and general welfare of the people of the community. An organization embraced within this Section is one which is operated for the purpose of bringing about civic betterments and social improvements.

Revenue Ruling 69-280, published in Internal Revenue Cumulative Bulletin 1969-1, page 152 holds that a non-profit corporation formed for the purpose of providing specified services for the homeowners in a housing development is not exempt as a 501(c)(4) social welfare organization. A purchaser of a unit in the housing development was required to become a member. The organization was supported entirely by annual dues charged members. It was determined that the organization was performing services that its members would otherwise have to provide for themselves and that the organization was operated primarily for the private benefit of members.

Revenue Ruling 72-102, 1972-1 C.B., page 149, states that a non-profit organization formed to preserve the appearance of a housing development and to maintain streets, sidevalks and common areas for use of the residents is exempt under Section 501(c)(4) of the Code. Membership is required of all owners or real property in the development and assessments are levied to support the organization's activities. It was held that by maintaining the property normally maintained by a municipal government, the organizations served the common good and general velfare of the people of the community.

Revenue Ruling 74-99, 1974-1 C.B., page 131, modified Revenue Ruling 72-102 by stating guidelines under which a homeowners association could qualify for exemption under Section 501(c)(4) of the Code. These guidelines are:

- The organization must service a "community" which bears a reasonable, recognizable relationship to an area ordinarily identified as a governmental unit;
- 2. It must not conduct activites directed to the exterior maintenance or private residences; and

1. 3

 The common areas or facilities must be for the use and enjoyment of the general public.

This ruling states that a community, within the meaning of Section 501(c)(4) of the Code and the regulations, "... is not simply an aggregation of homeowners borns together in a structured unit formed as an integral part of a plan for the development of a real estate subdivision and the sale and purchase of homes therein."

Revenue Ruling 74-99 states that Revenue Ruling 72-102 "...was intended only to approve ownership and maintenance by a homeowners' association of such areas as roadways and parklands, sidewalks and street lights, access to, or the use and enjoyment of which is extended to members of the general public, as distinguished from controlled use or access restricted to the members of the homeowners' association..."

Your common areas are not open for the use and enjoyment of the general public. All of your activities are conducted for the benefit members, not for a public purpose. Therefore, you do not qualify for exemption from Federal income tax as an organization described in Section 501(c)(4) of the Code.

Based on the information submitted, exempt status will not be recognized under any related paragraph of Code Section 501(c).

Unril you have established an exempt status, you are not relieved of the requirement for filing Federal income tax returns.

Your attention is called to Section 528 of the Internal Revenue Gode which was added by the Tax Reform Act of 1976. This Section provides that, in certain circumstances, a non-exempt homeowner's association may elect not to be taxed on its "exempt function income" which includes membership dues, fees or assessments from owners of real property. The election is made by filing Form 11208. If you determine that your organization qualifies under Section 528, you may find it beneficial to make this election.

If you do not accept our findings, we recommend that you request a conference with a member of our Regional Office of Appeals. Your request for a conference should include a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a conference. The conference may be held at the Regional Office or, if you request, at any mutually convenient District office. If we do not hear from you within 30 days of the date of this letter, this determination will become final.

Sincerely yours,

District Director

Enclosure: Publication 892